

The Director of Central Intelligence

Washington, D.C. 20505

NIC #3581-83
17 May 1983

National Intelligence Council

MEMORANDUM FOR THE RECORD

SUBJECT: SIG-IEP Meeting, 13 May 1983

1. Three topics were discussed: Blended Credit for Korea; UNCTAD Strategy; and a CCC Credit to Nigeria. Harry Rowen and I attended for CIA.

Blended Credit for Korea

2. This was the second time the USDA proposal to provide a blended credit (with some interest rate subsidies) to Korea for purchases of US cotton was presented to the SIG-IEP. The program for providing partially subsidized credits for sales of agricultural products had been reluctantly approved before the mid-term Congressional elections with a view to protecting the competitiveness of US agricultural exports against subsidized exports from other countries, especially the European Community. Three credits under this program (totaling \$80 million) had already been approved by the National Advisory Council, but not referred to the SIG-IEP, and this approval was widely known by interested parties in the market. The Korean credit (for \$50 million) earlier had been referred to and turned down by the SIG-IEP but the proposal was being resubmitted because the circumstances did not appear to be significantly different than those of the other credits which the NAC had approved.

3. Nearly all the agencies, except of course USDA, opposed the Korean credit as being inconsistent with US trade policy and not even being justifiable as a counter to EC subsidies, since the EC is not competing in this case. Even so, the Chairman, with STR support, decided that not approving the credit at this stage would create confusion and political difficulties. There was general agreement that the criteria for approval of such credits were inadequate and needed to be clarified. The Trade Policy Committee will develop a set of criteria for discussion in the SIG-IEP within the next three weeks or so.

UNCTAD Strategy

4. The USG has no intention of doing any serious business in UNCTAD, but for tactical reasons will take a low-key approach and will emphasize the positive.

All portions Secret

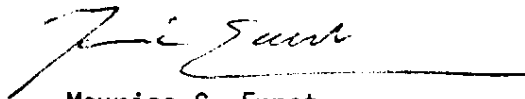
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CCC Credit for Nigeria

5. State presented a proposal to give Nigeria a CCC credit of \$150 million to help buttress the Nigerian government in the pre-election period by providing additional food for the urban population. State argues that the drop in oil revenues has resulted in lower food imports, which in turn have triggered riots. They claim that the Nigerians are a bulwark of democracy in West Africa and have been helpful to US policy objectives in a number of respects. State received little support from other agencies, however. Even USDA would place such a loan far down its list of priorities. There is a general perception that Nigeria is badly managed, has been singularly unhelpful to US interests in the past, and would probably misuse any aid. Moreover, there are no readily available CCC funds--they would have to be transferred from other accounts--and everyone has higher priorities in mind. CIA commented that Nigeria has sufficient money to meet grain requirements if the government is really concerned about political stability, so that the loan must be viewed as a political signal and can be justified only if it buys the US some political benefits from the Nigerian government. The loan proposal was voted down. It will probably reappear at a later date with a different justification.



Maurice C. Ernst

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